

# PROJECT REVIEW REPORT

This project review report includes findings raised during Verra’s review of the project specified below. The VVB must address the findings before the project request can be considered for approval by Verra. The project review report will be made publicly available on the Verra Registry. Confidential information may be provided in separate attachments.

<b>Project ID</b>	4763
<b>Project Name</b>	Mixed afforestation with native and non-native species in Argentina-I
<b>Review Type</b>	Registration and verification
<b>Program(s)</b>	VCS
<b>Verification Period</b>	01-September-2022 to 16-November-2023
<b>Project Proponent</b>	Cambium Earth S.L. (Cambium)
<b>Methodology</b>	AR-ACM0003, Large-scale Consolidated Methodology: Afforestation and reforestation of lands except wetlands, v02.2
<b>VVB</b>	AENOR CONFIA S.A.U
<b>Assessment Criteria</b>	VCS Standard, 4.7
<b>Date of First Issue</b>	24 April 2025
<b>Date of Second Issue</b>	23 September 2025
<b>Date of Third issue</b>	09 December 2025
<b>Review Conclusion</b>	Approved
<b>Date of Final Issue</b>	02 February 2022

## FINDINGS

#	Finding Description	VVB Response	Status
1	<p><b>Harvesting risk not addressed</b></p>		
	<p><u>Issue</u> Despite planting non-native, high-commercial-value species such as Eucalyptus and Pinus, the project claims that no harvesting is expected to happen during the longevity period.</p> <p><u>Action Required</u></p> <ol style="list-style-type: none"> <li>1. The VVB must ensure that the project includes a robust strategy to mitigate the non-permanence risk associated Eucalyptus and Pinus commercial plantations.               <ol style="list-style-type: none"> <li>a. The strategy must mitigate the risk of tree harvesting unless the project anticipate harvesting and applies a Long-Term Average (LTA).</li> <li>b. The strategy must also mitigate the risk of increased mortality, fire, as well as pest and disease outbreaks in old, unharvested Eucalyptus plantation, unless some silvicultural management practices are described and accounted for.</li> </ol> </li> <li>2. The VVB must ensure the emissions associated with the activities are included in the project emissions.</li> <li>3. The VVB must ensure the absence of harvesting is considered when assessing the non-</li> </ol>	<p><b>Round 1</b></p> <p><u>VVB Response</u></p> <p><u>The cited Program Rule in this Finding, VCS Standard, v4.7, Section 2.1.2, states:</u></p> <p><i>The scope of the VCS Program excludes projects that can reasonably be assumed to have generated GHG emissions primarily for the purpose of their subsequent reduction, removal, or destruction.</i></p> <p>Audit team considers that this requirement intended to prevent projects from intentionally generating greenhouse gas (GHG) emissions solely for the purpose of later reducing or removing them in order to claim carbon credits. Then, in AENOR’s opinion, the project clearly demonstrates:</p> <p>That the project activity would not have occurred in the absence of the incentive provided by the carbon market. This confirms that the emissions removals are additional to any baseline scenario.</p> <p>The project activities are not mandated by any existing laws, regulations, or policies. Therefore, the project complies with the VCS requirement that eligible activities must go beyond regulatory obligations.</p> <p>Investment analysis: A financial analysis was conducted to demonstrate the project’s lack of viability in the absence of carbon finance. This substantiates the financial additionality of the project, as the revenues from carbon credits are necessary to make the investment feasible</p> <p>Based on these points, the project complies with the requirements of VCS Standard v4.7 and does not fall under the exclusion described in Section</p>	<p>Closed</p>

#	Finding Description	VVB Response	Status
1	<p><b>Harvesting risk not addressed</b></p> <p>permanence natural risk score, e.g., the likelihood of fire must consider high vulnerability of old Eucalyptus plantations.</p> <p>4. The VVB must ensure that sections 1.17.3, 3.4 and 3.5 of the PD/MR are updated accordingly.</p> <p><u>Program Rule(s)</u> VCS Standard, v4.7, Section 2.1.2</p>	<p>2.1.2.</p> <p>In AENOR’s opinion the project account with a robust strategy to mitigate the non-permanence risk associated Eucalyptus and Pinus commercial plantations.</p> <p>The project proponent, <b>Cambium Earth</b>, is a company whose core mission is to generate long-term carbon removal benefits through the development of sustainable reforestation ecosystems. As explicitly stated in Cambium’s public-facing mission</p> <p><i>“...Cambium’s goal is to have a tangible impact on global carbon removal objectives by designing sustainable ecosystems <b>focused on reforestation and the generation of carbon credits.</b></i></p> <p><i>We are developing ecosystems in Argentina, Paraguay, and Brazil<sup>1</sup>”.</i></p> <p>This demonstrates that the project’s principal objective is not timber production, but rather ecosystem restoration and carbon removal. The commercial value of the species used does not override the project’s foundational purpose of generating verifiable and additional GHG removals. Furthermore, PP signed a <b>Legally Binding Agreement Prohibiting Harvesting</b> The commitment to avoid harvesting is further reinforced through a notarized commercial agreement between the project proponent (Cambium Earth) and the implementing partner (Pomera Maderas S.A.), which is legally binding. The agreement (<i>ANNEX A/TERMS AND CONDITIONS OF THE COMMERCIAL AGREEMENT/1. Carbon Capture Project/1.3</i>) explicitly states:</p> <p><i>The Project consists in the afforestation of the Net Project Area with different types of pine (68% of the area), eucalyptus (29% of the area), and lastly a 3% of the area with a mix of 11 native species. <b>No harvesting activity will be</b></i></p>	

<sup>1</sup> See <https://www.cambium.earth/en/link-about-us>

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1	Harvesting risk not addressed	<p><i>done, in order to maximize the CO2 removal from the atmosphere.</i></p> <p>And (ANNEX A/TERMS AND CONDITIONS OF THE COMMERCIAL AGREEMENT/1. Carbon Capture Project/15. Change of Land Use) states:</p> <p><i>During the Term of this Agreement, and in the event of early termination, until the effective expiration date of the Agreement, <b>the Landowner shall not change the land use of the Net Project Area, and/or carry out any activity (including but not limited to harvesting)</b></i></p> <p>This agreement clearly demonstrates that harvesting is contractually prohibited for the full duration of the project’s permanence obligations. Also, forestry exploitation is technically and economically unviable. From a silvicultural and economic standpoint, harvesting is not a viable or likely alternative due to the following reasons:</p> <p>The absence of thinning or pruning results in low-quality wood unsuitable for most commercial uses. Wood from unmanaged stands typically suffers from structural defects, reduced durability, and lower market value.</p> <p>At best, wood might be usable for low-value outputs (e.g., wood chips), but such activities would not generate revenues comparable to those expected from carbon credit issuance (see Business Case in File: Finding 1).</p> <p>Additional logistical and operational costs—including road construction, wood collection infrastructure, and extraction of wood from dense and interspersed stands—would further reduce economic feasibility.</p> <p>Finally, the project is subject to periodic third-party audits under the VCS Program, during which the implementation of forest management activities—including the absence of harvesting—will be verified to ensure compliance with the stated project design and carbon credit issuance criteria.</p> <p>In light of the legal, technical, economic, and programmatic evidence presented above, the claim that no harvesting will occur during the longevity</p>	

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1	Harvesting risk not addressed	<p>period is credible, enforceable, and aligned with the project's purpose. The project does not present a risk of artificially generating GHG emissions for the purpose of subsequent removal, nor does it fall under any disqualifying conditions outlined in the VCS Standard v4.7.</p> <p><b>Therefore,</b></p> <p>Since harvesting is not part of the project design and will not occur during the crediting or longevity period, the application of a Long-Term Average (LTA) cap is not required. As per the provisions outlined in VCS Standard v4.7, the LTA is applicable only in cases where periodic harvesting is expected as part of the project's baseline or implementation scenario.</p> <p>In this project, afforestation activities are designed to maximize long-term carbon removal, and a legally binding agreement prohibits any harvesting activities throughout the project term. Therefore, the carbon removals claimed are not subject to fluctuations from biomass loss due to harvesting, and the LTA constraint are not applicable to the project activity:</p> <p><i>As per VCS standard 3.2.28: Where ARR and IFM projects <b>meet or exceed the harvesting activity definition</b>, the long-term average shall be applied. The stratification of the sample plots shall be proportionally representative of areas with and without harvesting activity. Projects with harvesting activities shall calculate the long-term average for the area of each stratum and cover the entire project area. This is not the case of the project activity</i></p> <p>Fire and Pest Risk in Unharvested Eucalyptus Plantations: Evidence from peer-reviewed literature and project-specific data suggests that mature eucalyptus plantations are less likely to suffer large-scale fires than younger forests or forests with denser vegetation<sup>2</sup>. The article, based on a study</p>	

<sup>2</sup> Catry, F. X., Moreira, F., Tujeira, R., & Silva, J. S. (2013). Post-fire survival and regeneration of Eucalyptus globulus in forest plantations in Portugal. Forest Ecology and Management, 310, 194–203.

#	Finding Description	VWB Response	Status
1	Harvesting risk not addressed	<p>conducted by the University of Tasmania, examined the incidence and severity of fire in eucalyptus forests in the Huon Valley region. The findings indicate that mature eucalyptus plantations are less susceptible to large-scale fires compared to younger regeneration forests or denser, unmanaged stands. This is attributed to the lower fuel load and more stable forest structure found in mature stands<sup>3</sup>.</p> <p>In the context of this project, the non-permanence risk assessment (NPR Report) concludes that the natural fire risk in older plantations is low. This conclusion is supported by multiple layers of risk mitigation, including a combination of internal and external fire breaks, along with measures to anticipate fire risks and reduce fuel loads within the plantation. In addition, historical fire records in the area are not associated with plantations and are intentionally caused.</p> <p>In addition, the project includes a comprehensive <b>Heritage Protection Plan</b> (refer to File: Finding 1) that outlines control measures to prevent, detect, and suppress forest fires. This procedure establishes the control measures adopted to prevent, detect, and combat forest fires, with the aim of avoiding or minimizing economic, environmental, and social impacts. The plan details:</p> <ul style="list-style-type: none"> <li>Assigned personnel and responsibilities;</li> <li>Fire monitoring procedures;</li> <li>Emergency response protocols;</li> <li>Prevention and mitigation actions.</li> </ul> <p><b>Pest Risk Assessment:</b> With regard to pests, the project’s Non-Permanence Risk (NPR) analysis indicates that pest outbreaks are expected to occur at a <b>low frequency—no more than once every ten years</b>. Furthermore, even if an</p>	

<sup>3</sup> <https://themountainjournal.com/2020/05/20/old-forests-slow-fire/>

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1	Harvesting risk not addressed	<p>outbreak were to occur, its impact would be limited to less than 5% of the project area and is thus classified as <b>"Not Significant"</b>.</p> <p>Only one potential pest—leaf-cutting ants—was identified as a credible threat. These pests pose a higher risk to young seedlings than to mature trees. Consequently, the presence of older, unharvested stands does not increase the pest risk but rather reduces overall vulnerability. To address this, the project includes a <b>pest control program</b>, detailed in Section 11.4 of the Forest Management Plan, which outlines:</p> <p>Preventative monitoring measures.</p> <p>Targeted chemical and biological control methods;</p> <p>Area-specific intervention procedures.</p> <p>In addition, Section 11 of the Forest Management Plan includes the silvicultural management associated with weed and ant control to be implemented throughout the property, including the project area.</p> <p>Then, based on peer-reviewed literature, site-specific risk assessments, legally binding agreements, and robust forest management practices, it is concluded that:</p> <p>Fire risk in unharvested eucalyptus plantations is low, well-characterized, and actively mitigated.</p> <p>Pest risk is minimal and not increased by the absence of harvesting.</p> <p>All associated risks are addressed consistently with the Non-Permanence Risk Report and the Forest Management Plan (Annex 1).</p> <p>All emissions associated with project activities that result in biomass loss will be transparently reported at each verification event. In accordance with the procedures outlined in the Heritage Protection Plan, particularly under the section <i>"Daños por vientos en plantaciones"</i> (Wind Damage in Plantations), any impacted area will be promptly revegetated (<i>Heritage</i></p>	

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1	Harvesting risk not addressed	<p><i>Protection Plan/Daños por vientos en plantaciones<sup>4)</sup></i></p> <p><i>If the affected area exceeds 40% of the total plot or 5% of the total verified carbon, whichever occurs first, the decision will be to replant those hectares without preparing the land.</i></p> <p>This approach ensures timely restoration and avoids significant long-term impacts on carbon stocks. Furthermore, in accordance with Sections 3.2.20 and 3.2.21 of the VCS Standard v4.7, if the event qualifies as a loss event or a reversal event, the corresponding procedures—such as buffer pool contributions or other required actions—will be implemented in full compliance with Verra guidelines.</p> <p>The NPRR includes different risks such as fires and pest, etc. More information has been added in relation to the non-harvesting risks.</p> <p>Section 1.17.3 of the Project Description remains accurate and unchanged. The project does not affect the carbon footprint of any product, nor does it interact with product life cycles or value chains. Therefore, no modifications to this section are necessary. <b>Non-permanence risk report was updated.</b></p> <p><u>Verra Response</u> An explanation has been provided for why no harvesting is expected to happen during the longevity period.</p> <p>However, the finding cannot be closed.</p> <p><u>Issue</u> It is a red flag when a project uses high-commercial-value species, such as <i>Eucalyptus</i> and <i>Pinus</i>, in strata 1, 2, 3, 4, 9, and 10, as indicated in Section 6.2 of the PD/MR, while claiming no harvesting.</p>	

<sup>4</sup> See File Finding 1

#	Finding Description	VVB Response	Status
1	Harvesting risk not addressed	<p><u>Action Required</u></p> <ol style="list-style-type: none"> <li>1. The VVB must ensure that the project either:               <ol style="list-style-type: none"> <li>a) Anticipate harvesting and apply the LTA or</li> <li>b) Provides evidence, i.e., management, financial, and monitoring plans submitted to local government, financial institutions, or made publicly available, demonstrating that the Eucalyptus and Pinus trees were not planted with the intention of harvest.</li> </ol> </li> <li>2. If option (b) is applied, the VVB must describe how they confirmed that these plans are based on realistic assumptions and adequately address non-permanence risk.</li> </ol> <p><u>Program Rule(s)</u>  <i>VCS Standard, v4.7, Section 3.2.28, AFOLU Non-Permanence Risk Tool, v4.2, Section 2.2.4(3)</i></p> <p><u>Background</u>            Cambium is a well-established and active producer of timber products<sup>1</sup>             In their communications for other projects with a similar mixed plantation design, i.e., fast-growing non-native trees and non-native species, for example, in Paraguay, Cambium highlights the harvesting of these non-native trees<sup>2</sup></p> <p><b>Round 2</b></p> <p><u>VVB Response</u>            The VVB confirms that selecting tree species with high commercial value does not conflict with the project's carbon removal goals. The project fully complies with all requirements for additionality, permanence, and safeguards under the relevant standard. Furthermore, it was designed exclusively for carbon removal.</p>	

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1	Harvesting risk not addressed	<p>The project portfolio includes two non-native, non-invasive species and 17 native species. Notably, 11 of these native species have a timber value double to quadruple that of the introduced species (See Appendix 6 PD/MR). Critically, the project is designed to forgo harvesting all 13 merchantable species, regardless of their market value. This deliberate exclusion underscores that the project's sole objective is to maximize carbon removals</p> <p>The project's forestry systems are specifically designed to maximize carbon removal, not timber production. Silvicultural practices focus exclusively on maximizing biomass accumulation per hectare, prioritizing carbon storage over timber quality or form. As a result, no commercial harvesting is planned at any point in the project's lifetime.</p> <ul style="list-style-type: none"> <li>✓ The carbon project plots were established with spacing of 4 × 4 m (625 trees per hectare) and 4 × 2 m (1,250 trees per hectare), which is expected to maximize overall carbon removal.</li> <li>✓ Commercial plantations, by contrast, are typically established at wider spacings (e.g., 8 × 2 m) to favor stem diameter development and ease of access for future harvests.</li> <li>✓ Unpruned trees develop knots that detract from the wood's value from both a functional and aesthetic point of view. As specified in Pomera's Pruning Procedure (PO 011 v1.9), if the objective were timber production, the first pruning would normally be scheduled 6–7 months after planting, followed by a second pruning 12 months later. However, in this project, no pruning activities have been conducted (See photos below). Given that the plantations were established between 2022 and 2023, they are already outside the prescribed pruning schedule. This further confirms that the stands were designed to remain unharvested and managed solely for long-term carbon removals rather than for commercial timber purposes.</li> </ul>	

#	Finding Description	VVB Response	Status
1	Harvesting risk not addressed	<div data-bbox="1100 310 1577 781" data-label="Image"> </div> <div data-bbox="1100 781 1577 873" data-label="Caption"> <p><u>Actual</u> photo of the eucalyptus trees in the project VCS 4763 after 2 years without pruning</p> </div> <div data-bbox="1092 873 1589 1247" data-label="Image"> </div> <div data-bbox="1119 1247 1562 1308" data-label="Caption"> <p><u>Illustrative</u> photo of another field of the same age of Eucalyptus</p> </div> <p data-bbox="919 1325 1612 1357">Regarding compliance with the requirements of the standard:</p>	

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1	Harvesting risk not addressed	<p>✓ As per VCS rule VCS Standard, v4.7, Section 3.2.28: <i>Where ARR and IFM projects meet or exceed the harvesting activity definition, the long-term average shall be applied (...)</i></p> <p>As previously explained, since the project does not include forest harvesting, LTA is not applicable.</p> <p>✓ As per AFOLU Non-Permanence Risk Tool, v4.2, Section 2.2.4(3): <i>For all AFOLU project types, the entire project longevity shall be covered by management, financial, and monitoring plans submitted to local government, financial institutions, or made public. The intention to continue management practices shall be stated and planned for in these documents (...)</i></p> <p>During the meeting held with the Verra Team on 09 October 2025, it was agreed (as states in Presentation, slide 22) that the Project Proponent should strengthen the evidence demonstrating that no harvesting activities are taking place, by; Management plan uploaded to the Verra Registry, Public commitments, Evolution of activities to foster natural regeneration and the Time of pruning has passed</p> <p>Evidence is provided demonstrating that the planting of Eucalyptus and Pinus trees was not carried out with the intention of harvest (logging). This evidence includes:</p> <ul style="list-style-type: none"> <li>• Management Plans: Documents detailing the plantation's objectives, which are centered on conservation, soil protection, or ecological rehabilitation, and not on timber production. The document clearly states that the project's primary objective is carbon removals and confirms that no harvesting/pruning activities are planned or expected throughout the entire project lifetime.</li> <li>• Business case: Records and projections that do not account for</li> </ul>	

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1	Harvesting risk not addressed	<p>revenue from timber sales but are instead aligned with non-commercial or long-term objectives without planned felling. This project presents distinct characteristics and objectives aligned with their respective business strategies</p> <p>Project main objectives (section 4.5 of the management plan) clearly stated that the project will generate climate benefits, over a 40-year period, converting the project lifetime. Furthermore, Management Plan has been uploaded to the Verra Registry and the Cambium Earth website <a href="https://www.cambium.earth/es">https://www.cambium.earth/es</a>.</p> <p>The management plan was submitted to the Verra Registry on October 31, 2025. Nevertheless, it is currently unavailable for public viewing, pending confirmation from the Verra Technical Team at the request of the Registry.</p> <p>In addition, the Project Proponent submitted official communications to key stakeholders, who had also participated in the public presentation held on 14 April 2023. The recipients included:</p> <ul style="list-style-type: none"> <li>• ICAA: Regulatory body that evaluates and supervises the productive activities in Corrientes, to ensure the protection of water resources, soil and biodiversity to <a href="mailto:despacho@icaa.gov.ar">despacho@icaa.gov.ar</a></li> <li>• INTA: National governmental agency, which contributes to the sustainable development of the agricultural, agri-food and agro-industrial sector through research and extension activities to <a href="mailto:gauchat.maria@inta.gob.ar">gauchat.maria@inta.gob.ar</a></li> <li>• FCF: Faculty of Forest Sciences (Universidad Nacional del Nordeste) to <a href="mailto:fabian.romero@fcf.unam.edu.ar">fabian.romero@fcf.unam.edu.ar</a> and</li> <li>• Juan Pablo Valdés: Major of the city of Ituzzaingó email: <a href="mailto:intendencia@ituzzaingo.gob.ar">intendencia@ituzzaingo.gob.ar</a></li> </ul> <p>Communication provided an official update on the project's status, reaffirming the proponent's commitment to its carbon removal</p>	

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1	Harvesting risk not addressed	<p>objective and maintaining open channels for stakeholder engagement. It also explicitly reinforced that the Eucalyptus and Pinus plantations were not established for commercial harvesting purposes.</p> <p>Based on this information, the VVB confirms that the Project Proponent has made a public, verifiable commitment to non-harvesting practices. This commitment is consistent with the project’s carbon removal objectives. Therefore, the requirements set forth in Section 2.2.4(3) of the AFOLU Non-Permanence Risk Tool, v4.2, are met.</p> <p>Additionally, the PP has included an indicator to measure the evolution of activities to foster natural regeneration (<i>Margalef Diversity Index</i>). This indicator will be reported starting from the next monitoring, in accordance with the stipulations agreed upon during the meeting with the VERRA team.</p> <p>The VVB verified that biodiversity monitoring has been formally incorporated into the “Data and Parameters” and “Monitoring Plan” sections of the Project Description (PD) applicable to each verification cycle. This inclusion ensures that measurable indicators of biological diversity are systematically recorded and evaluated over time.</p> <p>The monitoring framework allows the Project Proponent to demonstrate quantifiable improvements in native flora diversity and natural regeneration within the project area, directly attributable to the implementation of project activities. This approach is consistent with the project’s objectives of enhancing ecosystem resilience and promoting long-term carbon sequestration through biodiversity conservation.</p> <p>Furthermore, the monitoring of natural regeneration serves as evidence of the Project Proponent’s commitment to maintaining all trees standing throughout the project’s lifetime, reinforcing that no harvesting is intended. This also enables the documentation of the positive “<i>nurse effect</i>” generated by the non-native species, which facilitate the establishment and growth of native flora under their canopy, thereby accelerating ecological succession</p>	

#	Finding Description	VVB Response	Status
1	Harvesting risk not addressed	and contributing to the restoration of native forest dynamics.  <u>Verra Response</u>  The finding has been satisfactorily addressed. However, the project’s management plan, which confirms the absence of harvesting, will need to be monitored.	

#	Insufficient information on the AFOLU eligibility assessment		
	<p><u>Issue</u></p> <p>1. Under Section 3.1 of the VVR, it is unclear what independent evidence the VVB assessed to confirm that the entire project area was degraded prior to the project start.</p> <p><u>Action Required</u></p> <p>1. The VVB must, under Section 3.1 of the VVR, clearly explain how it confirmed that the entire ecosystem within the project area was degraded prior to the project start date, and identify the independent evidence used to support this assessment.</p> <p><u>Program Rule(s)</u> VCS Standard, v4.7, Section 3.19.29</p>	<p><b>Round 1</b></p> <p><u>VVB Response</u></p> <p>1. In addition to the information presented in the Project Description and Monitoring Report (PD/MR) regarding the parameters, imagery, and data used for the degradation analysis, further evidence supporting the degradation assessment is provided in Section 2.4.3 and Appendix 4 of the PD/MR. Independent evidence (third-party entities, external to the project) assessed by the audit team includes:</p> <ul style="list-style-type: none"> <li>• Soil maps of Corrientes Province published by the National Institute of Agricultural Technology (INTA), which provide independent confirmation of land conditions prior to project initiation.</li> <li>• Peer-reviewed literature references, including Fernandez et al. (2011), which document the long-term impacts of prescribed fires and cattle grazing on the loss and transformation of natural ecosystems in the region.</li> <li>• Historical satellite imagery dating prior to 2012, demonstrating areas under forage crop cultivation.</li> </ul>	Closed

<b>2</b>	<b>Insufficient information on the AFOLU eligibility assessment</b>		
		<ul style="list-style-type: none"> <li>Land use data from the MapBiomass<sup>5</sup> platform, illustrating impacted areas and corroborating the degradation status before the project start date.</li> </ul>	
		Section 3.1 of the VR was updated, including stated evidence.	
		<p><u>Verra Response</u></p> <p>The VR has been updated with information on the evidence assessed by the VVB to confirm that the entire ecosystem within the project area was degraded before the project start date.</p>	

#	Finding Description	VVB Response	Status
<b>3</b>	<b>Insufficient information ownership</b>		
	<p><u>Issue</u></p> <ol style="list-style-type: none"> <li>Under Section 3.1 of the VVR, it is unclear what evidence has been assessed by the VVB to confirm land ownership of the project area.</li> <li>It is unclear whether the PP organisation, Cambium Earth S.L., was founded before the project start date and whether it has owned the project since then.</li> </ol> <p><u>Action Required</u></p> <ol style="list-style-type: none"> <li>The VVB must update Section 3.1 of the VR to clearly describe the independent evidence assessed to confirm land ownership of the project area.</li> <li>The VVB must ensure that the PP provides</li> </ol>	<p style="background-color: #1a3d4d; color: white; padding: 2px;"><b>Round 1</b></p> <p><u>VVB Response</u></p> <ol style="list-style-type: none"> <li>Land ownership over the entire project area is demonstrated through: <ul style="list-style-type: none"> <li>Official property titles held by the implementing partner (Garruchos S.A.), who has legally owned the land since April 22, 2004.</li> <li>A legally binding contract between the project proponent (Cambium Earth S.L.) and the implementing partner (Garruchos S.A.) granting full rights for project implementation and carbon credit claims.</li> </ul> <p>Additional details and references have been incorporated into Section 3.1 of the PD/MR, and all supporting documentation has been made available in the shared folder Finding 3.</p> </li> <li>Regarding the evidence of project ownership since the project start date it</li> </ol>	Closed

<sup>5</sup> <https://plataforma.argentina.mapbiomas.org/>

#	Finding Description	VVB Response	Status
3	<p><b>Insufficient information ownership</b></p> <p>evidence of project ownership since the project start date.</p> <p><u>Program Rule(s)</u> VCS Standard, v4.7, Section 3.7.1</p> <p><u>Background</u> Section 3.1 of the VVR references Evidence 9, which is presented in Appendix 2 as “land ownership”.</p>	<p>must be clarified that:</p> <p>The Project Proponent for this project is Cambium Earth S.L., a company established in Spain on June 7, 2023, as evidenced by its deed of incorporation. The Implementing Partner, Garruchos S.A., was established in Argentina on March 14, 1995, and has held legal ownership of the land since 2004.</p> <p>Both entities are part of the same corporate group and operate under a shared strategic framework.</p> <p>Prior to the official start of the project, Garruchos S.A. initiated the afforestation activities and explored opportunities to develop carbon projects on its land (See Folder Finding 3). However, due to <b>regulatory constraints in Argentina, Garruchos S.A. was unable to register directly as a Project Proponent</b> under the Verra registry. This challenge is documented in communications with Verra.</p> <p>To address this, Cambium Earth S.L. was created as a specialized entity to act as Project Proponent and manage carbon project development in compliance with Verra requirements. Although Cambium Earth was incorporated after the initiation of project activities, a formal agreement between Garruchos S.A. and Cambium Earth S.L.—which has been shared with the VVB—grants Cambium full project <b>ownership with retroactive effect</b>, covering the entire crediting period from the start date.</p> <p>This structure ensures continuity of project ownership and control and satisfies the requirements of VCS Section 3.7 regarding clear and documented project ownership and authority to implement the project and claim credits.</p> <p><u>Verra Response</u> An explanation has been provided regarding the project ownership. However, this finding cannot be closed.</p> <p><u>Issue:</u></p>	

#	Finding Description	VVB Response	Status
3	Insufficient information ownership	<p>1. It is unclear how the VVB concluded that Cambium Earth S.L. has full project ownership:</p> <ul style="list-style-type: none"> <li>a. The contract describes Cambium as the developer and project proponent but does not include language in which Garruchos S.A. formally transfers project ownership or carbon credit rights to Cambium.</li> <li>b. Project activities started on 1 September 2022, but the agreement is dated March 2024. The contract does not explicitly grant Cambium ownership or rights over carbon credits generated prior to 1 March 2024, leaving retroactive ownership unclear.</li> </ul> <p><u>Action Required:</u></p> <ul style="list-style-type: none"> <li>1. The VVB must document how it determined that Cambium holds full project ownership and all associated rights for the entire crediting period, including retroactive coverage before the contract was signed.</li> </ul> <p><b>Round 2</b></p> <p><u>VVB Response</u></p> <p>Based on the documentation reviewed, the VVB confirms that the contractual agreement clearly defines the roles and responsibilities of the parties involved. The contract states that Garruchos S.A. formally transfers to Cambium the status of Project Proponent and responsible entity for the project under the applicable standard. Through this legal agreement, Cambium is designated as the Project Proponent, while Garruchos S.A. acts as the Implementing Partner, responsible for executing the field activities in accordance with the approved Project Description and management plan. The agreement (attached) explicitly states:</p> <p style="padding-left: 40px;"><i>WHEREAS</i></p> <p style="padding-left: 40px;"><i>The Landowner owns rural properties named Puerto Valle and Garruchos forestry management units...</i></p> <p style="padding-left: 40px;"><i>(D) The Landowner commenced, in September 2022, the development of the project,</i></p>	

#	Finding Description	VWB Response	Status
3	Insufficient information ownership	<p>(E)... in June 2023 INSUD Group established Cambium...</p> <p>(F) The Landowner wishes to transfer the development responsibilities of the project to Cambium...</p> <p>(G) The Parties wish to establish the terms and <b>conditions under which Cambium shall assume the role of project proponent and be in charge of marketing the carbon credits generated under the project...</b>"</p> <p>THEREFORE:</p> <p>Carbon Capture Project.</p> <p>1.1 Pursuant to the terms of this Agreement, <b>Cambium shall be responsible for registering under a voluntary carbon market program (hereinafter referred to as the "Program") the carbon capture project (hereinafter referred to as the "Project")</b> as project proponent, with the aim of certifying and subsequently trading units (hereinafter referred to as the "Carbon Credits")...</p> <p>1.4 The Landowner will play the role of implementing partner towards Cambium and the Project, developing the forestry operations required for the Project, and the social and environmental positive impact actions that must be carried out to achieve the quality requirements of the Program according to written instructions to be provided by Cambium. (...)</p> <p>TERM</p> <p>2.1 <b>This Agreement shall be valid for forty (40) years commencing on June 16, 2023 (hereinafter the, "Effective Date") and expiring on June 15, 2063 (hereinafter, the "Term").</b></p> <p>CARBON CREDITS</p> <p>3.2 The Parties acknowledge and agree that all Carbon Credits will be credited to Cambium's account in the platform of the Program.</p>	

#	Finding Description	VWB Response	Status
3	Insufficient information ownership	<p data-bbox="997 310 1801 545"><i>3.3 The Landowner acknowledges and agrees that <u>Cambium is the sole Project proponent and has overall control and responsibility for the Project regarding trade markets. Therefore, the Landowner waives regarding any trade market, all rights, title, and interest in the Carbon Credits</u> that may arise from its role as implementing partner of the Project during the Term. Cambium shall determine the manner, conditions, timing and other terms associated to the</i></p> <p data-bbox="997 570 1257 594"><i>CAMBIUM OBLIGATION</i></p> <p data-bbox="997 618 1801 680"><i>5.1 Cambium shall be the Project proponent, and therefore <b>shall have overall control and responsibility for the Project</b> before the Program.</i></p> <p data-bbox="997 704 1801 800"><i>5.2. Cambium shall be responsible for the Project's design, registration and administration (subject to the fact that the obligations listed in Article 6 shall remain the responsibility of the Landowner).</i></p> <p data-bbox="903 824 1801 954">Therefore, the audit team finds that, pursuant to the cited articles, the contract explicitly formalizes the transfer of project ownership and carbon credit rights from Garruchos S.A. to Cambium Earth S.L., particularly as stipulated in Section 3.3.</p> <p data-bbox="903 979 1801 1144">To further strengthen and clarify the contractual definition of responsibilities, the Project Proponent has incorporated a notarized amendment (attached) to the original agreement. This amendment explicitly and unambiguously grants retroactively Cambium the status of Project Developer and responsible party, as well as the ownership of all carbon credits generated under the lifetime project</p> <p data-bbox="903 1169 1106 1193">Article 1.2 states:</p> <p data-bbox="997 1218 1801 1347"><i>The transfer of project ownership and carbon credit rights to Cambium, as well as the <u>granting of ownership and rights over any carbon credit generated prior to March 1, 2024, by the Landowner to Cambium, shall have retroactive effect as of September 1, 2022.</u></i></p> <p data-bbox="903 1372 1801 1399">Therefore, VWB confirms that the notarized amendment submitted, and</p>	

#	Finding Description	VVB Response	Status
3	<b>Insufficient information ownership</b>	<p>specifically Article 1.2, resolves the uncertainty regarding ownership. The amendment explicitly and retroactively grants Cambium ownership and rights over all carbon credits generated, including those prior to March 1, 2024, thus meeting the standard's requirements</p> <p><u>Verra Response</u> The finding has been satisfactorily addressed.</p>	

#	Finding Description	VVB Response	Status
4	<b>Clarification needed on the sampling</b>		
	<p><u>Issue</u></p> <ol style="list-style-type: none"> <li>Under Section 2.1 of the VVR, it is unclear what the VVB means by the statement "Planned sampled size was 11."</li> <li>In Section 2.3 of the VVR, it is unclear why the local communities, identified as stakeholders in Section 2.1.1 of the PD/MR were not interviewed by the VVB.</li> </ol> <p><u>Action Required</u></p> <ol style="list-style-type: none"> <li>The VVB must update Section 2.1 of the VVR to clarify what the sample size of 11 refers to (e.g., documents, field plots, stakeholder interviews, etc.) and provide a justification explaining how the adequacy of this sample size was guaranteed.</li> <li>The VVB must provide a justification under Section 2.3 of the VVR for why the local communities were not interviewed during the validation and verification process.</li> </ol> <p><u>Program Rule(s)</u> VCS Standard, v4.7, Section 4.1.9, VCS Validation and</p>	<p><b>Round 1</b></p> <p><u>VVB Response</u></p> <ol style="list-style-type: none"> <li>It refers to the number of plots that will be sampled during the field inspection</li> <li>It is important to note that the project is located in a rural area, with a low population density, even that the project proponent ensured that local communities were actively consulted during the stakeholder engagement process. Several individuals from nearby towns and settlements were interviewed as part of this process.</li> </ol> <p>Despite the low population density in the rural project area, individual interviews were conducted with some local stakeholders to gather their perspectives. This approach ensured meaningful engagement while considering the region's demographic conditions.</p> <p>Notably, some of the interviewees served in dual roles, representing both local communities and other stakeholder categories (e.g., local institutions or organizations). Examples of</p>	Closed

#	Finding Description	VVB Response	Status
4	<p><b>Clarification needed on the sampling</b>  <i>Verification Manual, v3.2, Section 3.3.1</i></p>	<p>local community members consulted include:</p> <ul style="list-style-type: none"> <li>• Javier Andrujovic – Local community representative, Governor Virasoro</li> <li>• Esteban Tarnowski – Local community representative, Virasoro</li> <li>• Alan Pablo – Local community representative, Ituzaingó</li> <li>• Juan Pablo Valdez – Local community representative, Ituzaingó</li> <li>• Eduardo Acosta – Local community representative, Ituzaingó).</li> </ul> <p><u>Verra Response</u>                      A clarification has been provided concerning the sampling plan.</p>	
5	<p><b>Clarification needed on the stakeholder consultation and grievance redress procedure.</b></p> <p><u>Issue</u></p> <ol style="list-style-type: none"> <li>1. It is unclear how the project meets the requirements of Section 3.18.2 of the VCS Standard v4.7, given that the stakeholder consultation was conducted on 14 April 2023, which is after the project start date of 01 September 2022.</li> <li>2. The grievance redress procedure has not been sufficiently described in section 2.1.4 the PD/MR.                             <ol style="list-style-type: none"> <li>a. It is unclear who the designated mediator is and how their neutrality is ensured.</li> <li>b. The procedure does not include an arbitration stage.</li> </ol> </li> </ol> <p><u>Action Required</u></p> <ol style="list-style-type: none"> <li>1. The VVB must ensure that the PP clarifies how the</li> </ol>	<p><b>Round 1</b></p> <p><u>VVB Response</u></p> <ol style="list-style-type: none"> <li>1. In the Appendix 3 of VCS Standard Version 4.7, it shows that version 4.5 of the standard stated an exception for point 3.18.2 for this project with a start date prior to October 2023 (Update Description &amp; Effective Date - ID# 18), as is the case for this project (September 2022). This project was initially conducted based on version 4.5 and later updated to version 4.7 throughout the validation and verification process, but it is considered that the exception is applicable.</li> <li>2. More information is now included in the PD/MR (section 2.1.4), as the Grievance Redress Procedure attached clearly mentions the steps requested by the standard (3.18.4)</li> </ol>	Closed

<b>5</b>	<b>Clarification needed on the stakeholder consultation and grievance redress procedure.</b>		
	<p>timing of the stakeholder consultation aligns with the requirements of Section 3.18.2 of the VCS Standard v4.7.</p> <ol style="list-style-type: none"> <li>The VVB must ensure that section 2.1.4 of the PD/MR is revised to sufficiently describe the grievance redress procedure.</li> <li>The VVB must assess the updated PD/MR and revise the VVR accordingly.</li> </ol> <p><u>Program Rule(s)</u> VCS Standard, v4.7, Sections 3.18.2 and 3.18.4</p>	<ol style="list-style-type: none"> <li><i>If, after the intervention of the forest management, a resolution favorable to both parties is not obtained, the forest management will arrange for the initiation of mediation. To this end, a neutral third party with experience in the matter in question will be involved as a mediator. The manager will have approximately 30 days to arrange for mediation. For this reason, the mediator depends on the type of conflict.</i></li> <li><i>If the mediation is unsuccessful, the matter will be referred to the Legal Affairs Department, which will keep management regularly informed about the progress of the legal process. This legal process will take place with competent courts in the relevant jurisdiction.</i></li> </ol>	
		<p><u>Verra Response</u> The projects' grievance redress procedure has been updated to meet the VCS Standard requirements.</p>	

#	Finding Description	VVB Response	Status
<b>6</b>	<b>Clarification needed on the risks to the environment and ecosystem health.</b>		
	<p><u>Issue</u></p> <ol style="list-style-type: none"> <li>Under Section 2.4 of the PD/MR, the mitigation measures for water consumption and stress are unclear.</li> <li>The use of <i>Pinus elliottii</i>, classified as an invasive species in Section 2.4.2 of the PD/MR, does not comply with Section 3.19.27(1) of the VCS Standard v4.7.</li> <li>It is unclear what evidence the VVB has used to confirm that <i>Pinus taeda</i> and the <i>Pinus hybrid (elliottii × caribaea)</i> are not nvasive in Argentina.</li> </ol>	<p style="background-color: #1a3d4d; color: white; padding: 2px;"><b>Round 1</b></p> <p><u>VVB Response</u></p> <ol style="list-style-type: none"> <li>Additional information has been included in Section 2.4 of the PD/MR to clarify the mitigation measures related to water consumption and potential water stress.</li> </ol> <p>Specifically, the project applies measures derived from the <b>Agrochemical Responsible Management Plan</b> (attached), which outlines both general and specific protocols for the responsible use of agrochemicals-particularly for weed and ant control. This plan includes detailed guidance on the application, storage, and</p>	Closed

#	Finding Description	VVB Response	Status
6	<b>Clarification needed on the risks to the environment and ecosystem health.</b>		
	<p><u>Action Required</u></p> <ol style="list-style-type: none"> <li>1. The VVB must ensure that the PP clarifies the mitigation measures for water consumption and stress.</li> <li>2. The VVB must ensure that any area planted with <i>Pinus elliottii</i> is excluded from the project boundary, considering its classification as an invasive species. The ERR calculations must be revised accordingly.</li> <li>3. The VVB must, under Section 3.3.4.2 of the VVR, provide evidence that <i>Pinus taeda</i> and <i>Pinus elliottii</i> × <i>caribaea</i> are not invasive in Argentina. If no evidence is provided, areas planted with those species must be excluded from the project boundary.</li> <li>4. The VVB must assess the updated PD/MR and revise the VVR accordingly.</li> </ol> <p><u>Program Rule(s)</u> VCS Standard, v4.7, Sections 3.19.10 and 3.19.27(1)</p>	<p>handling of agrochemicals to avoid contamination of water bodies and soil degradation.</p> <ul style="list-style-type: none"> <li>• Key mitigation actions implemented include:</li> <li>• The establishment of buffer zones around water bodies and drainage areas to prevent runoff or leaching of agrochemicals;</li> <li>• Careful planning of application timing and dosage in line with climatic and soil conditions to minimize unnecessary water use or pollution;</li> <li>• Training of field personnel to ensure compliance with environmental protection practices as outlined in the plan.</li> </ul> <p>It is further clarified in the updated PD/MR that direct water consumption by the project is minimal, as no irrigation is used. The primary potential risks to water quality are not from water extraction but from agrochemical use, which is effectively mitigated through responsible management practices.</p> <p>These updates ensure that the project meets relevant environmental safeguards related to water use and aligns with best practices for sustainable land management.</p> <ol style="list-style-type: none"> <li>2. To ensure compliance with requirement 3.19.27(1) of the VCS Standard, v4.7, the project proponent <b>has excluded the 14.35 hectares of <i>Pinus elliottii</i></b> from the project boundary, considering its classification as an invasive species, according to the national list of invasive species in Argentina<sup>6</sup>.</li> </ol>	

<sup>6</sup> National invasive species list. Approved by Resolution 109/21 available at <https://www.argentina.gob.ar/ambiente/biodiversidad/exoticas-invasoras/lista>

#	Finding Description	VWB Response	Status
6	Clarification needed on the risks to the environment and ecosystem health.	<p>As a result, the following modifications have been made and are reflected in the updated PD/MR v1.3:</p> <ul style="list-style-type: none"> <li>• <i>Pinus elliottii</i> (formerly Stratum 5) is no longer included in the project boundary (updated KML file is attached)</li> <li>• Stratum numbers were updated from Stratum 5 onwards to ensure continuity and avoid gaps in numbering:</li> <li>• In the ex-post carbon accounting spreadsheet, only the stratum numbers were adjusted (previously strata 6 and 7 are now renamed as strata 5 and 6, respectively). Since no removal from <i>Pinus elliottii</i> was accounted for in this monitoring period, no changes to the carbon calculations were necessary.</li> <li>• The <b>ex-ante</b> carbon estimation spreadsheet has been updated to exclude the potential removal of <i>Pinus elliottii</i>.</li> <li>• Corresponding updates were made to the financial analysis and the Non-Permanence Risk Report (NPRR) to reflect changes in the ex-ante projections.</li> <li>• All relevant sections of the PD/MR that refer to species composition, carbon calculations, or financial assumptions have been adjusted accordingly.</li> </ul> <p>To prevent any potential invasion of <i>Pinus elliottii</i> beyond the previously planted areas, the implementing partner will apply both preventive and corrective measures as described in the project’s “Non-Native Invasive Species Control Plan<sup>7</sup>.”</p> <ul style="list-style-type: none"> <li>• Preventive measures include the identification and monitoring of <i>Pinus elliottii</i> individuals within and adjacent to the project area.</li> </ul>	

<sup>7</sup> See Folder Finding 6

#	Finding Description	WB Response	Status																								
6	Clarification needed on the risks to the environment and ecosystem health.	<ul style="list-style-type: none"> <li>Corrective actions involve the removal of spontaneous individuals outside designated plantation plots, using manual or mechanical extraction, depending on the size and maturity of the trees.</li> </ul> <p>These actions ensure compliance with Verra's safeguards related to invasive species and demonstrate the project's commitment to responsible forest management and biodiversity protection.</p> <p>3. To clarify the non-invasive status of the species <i>Pinus taeda</i>, <i>Pinus caribaea</i>, and the hybrid <i>Pinus elliottii</i> × <i>caribaea</i> in Argentina, the following evidence has been revised and is now included in the updated PD/MR (Section 2.4.2):</p> <p><b>National List of Invasive Alien Species (Argentina):</b> According to the official list published by the national environmental authorities, none of the following species—<i>Pinus taeda</i>, <i>Pinus caribaea</i>, or <i>Pinus elliottii</i> × <i>caribaea</i>—are classified as invasive or included in the national registry of invasive alien species. Only <i>Pinus elliottii</i> (pure species) is mentioned as invasive, and that species has been excluded from the project, as previously described. See abstract of that list below:</p> <table border="1"> <tbody> <tr> <td>Pinaceae</td> <td><i>Pinus contorta</i></td> <td>Pino</td> </tr> <tr> <td>Pinaceae</td> <td><i>Pinus elliottii</i></td> <td>Pino ellioti</td> </tr> <tr> <td>Pinaceae</td> <td><i>Pinus halepensis</i></td> <td>Pino de Alepo/Pino tosquero/Aleppo pine</td> </tr> <tr> <td>Pinaceae</td> <td><i>Pinus pinaster</i></td> <td>Pino maritimo/Pino resinero</td> </tr> <tr> <td>Pinaceae</td> <td><i>Pinus pinea</i></td> <td>pino piñonero</td> </tr> <tr> <td>Pinaceae</td> <td><i>Pinus ponderosa</i></td> <td>Pino ponderosa</td> </tr> <tr> <td>Pinaceae</td> <td><i>Pinus radiata</i></td> <td>Pino de Monterrey/Pino insigne</td> </tr> <tr> <td>Pinaceae</td> <td><i>Pinus sylvestris</i></td> <td>Pino silvestre</td> </tr> </tbody> </table> <p>GloNAF (Global Naturalized Alien Flora Database)</p>	Pinaceae	<i>Pinus contorta</i>	Pino	Pinaceae	<i>Pinus elliottii</i>	Pino ellioti	Pinaceae	<i>Pinus halepensis</i>	Pino de Alepo/Pino tosquero/Aleppo pine	Pinaceae	<i>Pinus pinaster</i>	Pino maritimo/Pino resinero	Pinaceae	<i>Pinus pinea</i>	pino piñonero	Pinaceae	<i>Pinus ponderosa</i>	Pino ponderosa	Pinaceae	<i>Pinus radiata</i>	Pino de Monterrey/Pino insigne	Pinaceae	<i>Pinus sylvestris</i>	Pino silvestre	
Pinaceae	<i>Pinus contorta</i>	Pino																									
Pinaceae	<i>Pinus elliottii</i>	Pino ellioti																									
Pinaceae	<i>Pinus halepensis</i>	Pino de Alepo/Pino tosquero/Aleppo pine																									
Pinaceae	<i>Pinus pinaster</i>	Pino maritimo/Pino resinero																									
Pinaceae	<i>Pinus pinea</i>	pino piñonero																									
Pinaceae	<i>Pinus ponderosa</i>	Pino ponderosa																									
Pinaceae	<i>Pinus radiata</i>	Pino de Monterrey/Pino insigne																									
Pinaceae	<i>Pinus sylvestris</i>	Pino silvestre																									

#	Finding Description	VWB Response	Status
6	Clarification needed on the risks to the environment and ecosystem health.	<p>As the national list does not explicitly address hybrids, additional global scientific references were reviewed. According to GloNAF (van Kleunen et al., 2018), <i>Pinus elliottii</i> is considered naturalized in Argentina (primarily in the south), but neither <i>Pinus taeda</i>, <i>Pinus caribaea</i>, nor the <i>elliottii</i> × <i>caribaea</i> hybrid are listed as naturalized in the country.</p> <p><b>Global Review of Pinus Naturalization (Perret et al., 2019)</b></p> <p>This global analysis focused on the genus <i>Pinus</i> confirms that <i>Pinus taeda</i>, <i>Pinus caribaea</i>, and their hybrid are not recorded as naturalized or invasive in Argentina, further supporting their non-invasive status in the project context.</p> <p><b>Scientific Literature on Hybrid Characteristics</b></p> <p>It is important to note that hybrids often express traits that differ significantly from their parent species. The literature indicates that <i>Pinus elliottii</i> × <i>caribaea</i> hybrids do not necessarily inherit invasive tendencies from <i>P. elliottii</i> and may exhibit enhanced disease resistance, different growth patterns, or altered environmental tolerances (Dias et al.<sup>8</sup>, 2022; Dungey, 2001<sup>9</sup>; Harding &amp; Copley, 2000<sup>10</sup>; Nikles, 1996; Nikles, 2000). These traits depend on the specific genetic expression of the hybrid.</p> <p>Therefore, Based on national regulations and peer-reviewed scientific sources, <i>Pinus taeda</i>, <i>Pinus caribaea</i>, and <i>Pinus elliottii</i> × <i>caribaea</i> are not considered invasive species in Argentina. The</p>	

<sup>8</sup>[https://www.researchgate.net/publication/293013978\\_Use\\_of\\_hybrid\\_Pinus\\_elliottii\\_var\\_elliottii\\_x\\_Pinus\\_caribaea\\_var\\_hondurensis\\_and\\_Pinus\\_taeda\\_L\\_in\\_the\\_production\\_of\\_OSB\\_panels](https://www.researchgate.net/publication/293013978_Use_of_hybrid_Pinus_elliottii_var_elliottii_x_Pinus_caribaea_var_hondurensis_and_Pinus_taeda_L_in_the_production_of_OSB_panels)

<sup>9</sup> [https://www.researchgate.net/publication/263409756\\_Pine\\_hybrids\\_-\\_A\\_review\\_of\\_their\\_use\\_performance\\_and\\_genetics](https://www.researchgate.net/publication/263409756_Pine_hybrids_-_A_review_of_their_use_performance_and_genetics)

<sup>10</sup> Muñoz Del Valle, P.R., Huber, D.A. & Butnor, J.R. Phenotypic analysis of first-year traits in a pseudo-backcross {(slash x loblolly) x slash} and the open-pollinated families of the pure-species progenitors. *Tree Genetics & Genomes* 7, 183–192 (2011). <https://doi.org/10.1007/s11295-010-0324-8>

#	Finding Description	VWB Response	Status
6	Clarification needed on the risks to the environment and ecosystem health.	<p>project is therefore in compliance with Section 3.19.27(1) of the VCS Standard v4.7. The referenced information has been incorporated into the PD/MR v1.3 to provide further clarity on species selection and invasive risk mitigation.</p> <p><u>Verra Response</u>            The VWB confirms that all non-native species included in the project, <i>Pinus taeda</i>, the hybrid <i>Pinus elliottii</i> × <i>caribaea</i>, and <i>Eucalyptus grandis</i>, are not classified as invasive under Argentina’s official National List of Invasive Alien Species. Only the pure <i>Pinus elliottii</i> species is listed as invasive and has been explicitly excluded from the project activities.</p>	

#	Finding Description	VVB Response	Status
7	<b>Clarification needed on the project's additionality demonstration</b>		
	<u>Issue</u>	<b>Round 1</b>	Closed
	<ol style="list-style-type: none"> <li>1. It is unclear what evidence has been assessed by the VVB to determine that the incentive from the planned sale of VCUs was seriously considered in the decision to proceed with the project activity.</li> <li>2. It is unclear how land use scenarios 2 and 3, which reflect forestation without being registered as a carbon project, face the barriers listed in Section 3.5.2 of the PD/MR, given that the PP has already successfully planted over 23,000 hectares in Argentina (see background).</li> <li>3. The justification that the project is not common practice due to the absence of harvesting fails to consider the non-permanence risk associated with harvesting the high commercial value Eucalyptus and Pinus species (see finding #1)</li> </ol>	<u>VVB Response</u> <ol style="list-style-type: none"> <li>1. To address the question of whether the incentive from the planned sale of Verified Carbon Units (VCUs) was seriously considered in the decision to implement the project activity, the following points are provided:               <ol style="list-style-type: none"> <li>i. The Project Proponent, Cambium Earth S.L., was established specifically to develop carbon credit projects, with a clear and explicit mandate focused on climate change mitigation through reforestation and afforestation initiatives. It was confirmed against:                   <ul style="list-style-type: none"> <li>• <b>Corporate documentation</b>, including the company's deed of incorporation, which establishes carbon project development as its principal activity;<sup>11</sup></li> </ul> <p><b>ARTICLE 2.-</b> <i>"The corporate purpose shall include: The generation, certification, management, sale, and brokerage of carbon credits and other mechanisms for carbon footprint offsetting, as well as the ancillary activities necessary for the development of such mechanisms. If the legal provisions require a professional qualification, administrative authorization, or registration in public registers for the exercise of any of the activities included in the corporate purpose, such activities shall be carried out by a person who holds such professional qualification and, where applicable, may not be initiated before the required administrative requirements have been met.</i></p> <li>• <b>Public-facing platforms</b>, including the company's official website and social media accounts, which consistently communicate its</li> </li></ol> </li> </ol>	
	<u>Action Required</u>		
	<ol style="list-style-type: none"> <li>1. The VVB must document evidence assessed to determine that the incentive from the planned sale of VCUs was seriously considered in the decision to proceed with the project activity.</li> <li>2. The VVB must ensure that the PP justifies how land use scenarios 2 and 3, which reflect forestation without being registered as a carbon project, face the barriers listed in Section 3.5.2 of the PD/MR, given that the PP has already successfully planted over 23,000 hectares</li> </ol>		

<sup>11</sup> See File 7 Estatutos\_Cambium Earth\_Constitución RM\_Prot. 4.416

#	Finding Description	VVB Response	Status
7	<p><b>Clarification needed on the project’s additionality demonstration</b></p> <p>in Argentina. The non-permanence risk report must be updated accordingly.</p> <p>3. The VVB must ensure that the justification for why the project is not common practice is revised to consider harvesting in the project scenario (see finding #1).</p> <p>4. The VVB must assess the revised PD/MR and update the VVR as needed.</p> <p><u>Program Rule(s)</u> AR-TOOL02, v1, Steps 0, 2 and 4</p> <p><u>Background</u> Per section 3.4 of the PD/MR Garruchos S.A is a forest company with more than 20 years’ experience in the province of Corrientes (where the project is proposed to be placed) and in the province of Misiones. Between both provinces this company has over over 23,000 hectares planted.</p>	<p>exclusive focus on generating high-quality carbon removals;</p> <ul style="list-style-type: none"> <li>• <b>Internal feasibility studies and strategic planning documents</b><sup>12</sup>, conducted prior to and during the establishment of the company, all of which are centered around the development of carbon projects in Argentina and neighboring countries.</li> </ul> <p>ii. Prior to the incorporation of Cambium Earth, the Implementing Partner, Garruchos S.A., conducted a comprehensive technical and financial feasibility assessment to evaluate the potential for an ARR (Afforestation, Reforestation, and Revegetation) carbon project on its lands. These evaluations included:</p> <ul style="list-style-type: none"> <li>• Analysis of carbon removal potential based on site conditions;</li> <li>• Financial modelling comparing cattle raising. and traditional timber-based afforestation versus carbon credit revenue scenarios;</li> <li>• Assessment of long-term land use viability and sustainability under a carbon project model.</li> </ul> <p>These analyses concluded that the development of a carbon project would only be viable with the financial incentive from VCU revenue. This is further supported by the business case, which is part of the PD/MR submission and available in the shared documentation.</p> <p>The combined evidence from corporate purpose, strategic planning, and pre-project feasibility analysis clearly demonstrates that the anticipated sale of VCUs was a central and serious driver in the decision to proceed with the project. This aligns with the requirements under Section 4.1.3 of the VCS Standard v4.7, which relates to the demonstration of additionality through realistic and credible investment or barrier analyses.</p>	

<sup>12</sup> See File 7 New Carbon Company Strategic Plan 2022 v1 confidential

#	Finding Description	VWB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>2. It is important to clarify the following distinction in project roles and objectives:</p> <p><b>Garruchos S.A.</b>, the implementing partner, has a long-standing history of forestation in Argentina, primarily aimed at timber production. Its historical afforestation of over 23,000 hectares aligns with this commercial model.</p> <p><b>In contrast, Cambium Earth S.L.</b>, the Project Proponent, is solely focused on carbon project development and has no commercial interest in harvesting timber. The company's primary objective is to maximize long-term carbon removal, and as such, it has explicitly waived any income from timber harvesting in the project design.</p> <p>This fundamental difference in business models creates a clear barrier to the implementation of Scenarios 2 and 3 under the current project structure:</p> <p>While Garruchos S.A. could technically afforest the land for timber, such a model is not financially or strategically viable under Cambium Earth's mandate. Without carbon revenue, Cambium would not pursue or finance the project activities.</p> <p>In addition, the legally binding agreement between Cambium Earth and Garruchos S.A. prohibits harvesting during the crediting period, reinforcing that forestation without carbon finance is not a credible alternative under the current legal and operational framework.</p> <p>Therefore, the barriers outlined in Section 3.5.2 of the PD/MR—including investment and institutional barriers—remain valid for Scenarios 2 and 3 when considered from the perspective of the current project structure and stakeholder roles. These scenarios are not viable without the incentive provided by the carbon market, thus supporting the project's additionality claim.</p> <p>3. There is no risk of harvesting as: (See Finding 1.)</p> <ul style="list-style-type: none"> <li>The implementing partner is specialized in the production of high-</li> </ul>	

#	Finding Description	VVB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>quality timber for products such as poles for electrical or telecommunications wiring, furniture or wood construction products. The plantations of this project are not being adapted to these requirements, the trees are not being pruned to eliminate future knots, as the objective is to form dense and open canopies to maximize carbon absorption.</p> <ul style="list-style-type: none"> <li>The project area was not previously planted and will not be harvested for commercial plantation because they represent small uneven plots, with limited access, and soil conditions leading to heterogenous growing conditions, thus complicating a commercial plantation. The project area has never been an option to develop a commercial forest project since acquiring the land. Garruchos S.A owns Puerto Valle since 2004 and Garruchos farm since 2006.</li> <li>The aforementioned absence of harvesting activities will be periodically assessed in the future verifications throughout the whole crediting period</li> </ul> <p><u>Verra Response</u> An explanation regarding the project's additionality has been provided; however, this finding remains open.</p> <p><u>Issue</u></p> <ol style="list-style-type: none"> <li>It is unclear which evidence was assessed by the VVB to confirm that Garruchos S.A. (operating under the brand name POMERA MADERAS) decided to plant trees on 01 September 2022 driven by the incentive from carbon credits, given that the Project Proponent (Cambium Earth S.L.) did not yet exist legally and the formal contract between Garruchos and Cambium was only signed on 01 March 2024.</li> <li>It is unclear how land use Scenarios 2 and 3, representing forestation without carbon registration, would face the barriers listed in Section 3.5.2 of the PD/MR, given that Garruchos S.A. had</li> </ol>	

#	Finding Description	VVB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>already planted over 23,000 hectares in Argentina prior to the establishment of Cambium Earth S.L., including the project trees planted on 01 September 2022.</p> <p>3. The justification that the project is not common practice due to the absence of harvesting does not address the non-permanence risk associated with harvesting high commercial value Eucalyptus and Pinus species (see Finding #1).</p> <p><u>Action required</u></p> <ol style="list-style-type: none"> <li>1. The VVB must provide a clear explanation of the evidence assessed to demonstrate that:               <ol style="list-style-type: none"> <li>a. The decision by Garruchos S.A. to implement the project in 2022 was influenced by the incentive from carbon credits.</li> <li>b. Land use Scenarios 2 and 3 would have faced the barriers listed in Section 3.5.2 of the PD/MR, despite Garruchos' prior experience in large-scale forestation in Argentina.</li> </ol> </li> <li>2. The VVB must ensure that the common practice justification adequately considers the non-permanence risk associated with harvesting high-value Eucalyptus and Pinus species.</li> </ol> <p><u>Background</u></p> <p><b>POMERA MADERAS</b> (brand name of Garruchos S.A.) in Argentina does not include carbon finance or carbon credits in its sustainability communication or corporate strategy<sup>3</sup>. This suggests that, prior to the establishment of Cambium Earth S.L., forestation decisions by Garruchos S.A. under the POMERA MADERAS brand were likely not driven by carbon-related incentives.</p> <p>The project start date is 01 September 2022. The contract between Garruchos S.A. and Cambium Earth S.L. was signed on 01 March 2024, while the Project Proponent, Cambium Earth S.L., was legally established in Spain on 06 June 2023.</p>	
<b>Round 2</b>			

#	Finding Description	VVB Response	Status
7	Clarification needed on the project's additionality demonstration	<p><u>VVB Response</u></p> <ol style="list-style-type: none"> <li>1. To confirm that Garruchos S.A. (operating under the brand name POMERA MADERAS) decided to plant trees on 01 September 2022 driven by the incentive of carbon credits, a comprehensive review of the attached internal emails (dated between February 3, 2022, and January 13, 2023) was conducted by the audit team. The review demonstrated the following: <ul style="list-style-type: none"> <li>✓ Carbon Credit Discussion (February 2022): As early as February 2022, management was analyzing the advisability of "<i>planting on marginal lands computing the value of carbon credits.</i>"</li> <li>✓ Economic Analysis (July/August 2022): Emails from July and August 2022 were reviewed, which discussed specific economic calculations comparing "non-harvest" scenarios (carbon-oriented) versus "with harvesting" cash flows (traditional timber exploitation). This demonstrates that the project was economically viable only with the carbon component included.</li> <li>✓ Business Structure (August 2022): In August 2022, the decision was made to create a separate Business Unit for the management of carbon credits.</li> <li>✓ Documentation for Consultants (August 2022): On August 24, 2022, the delivery of "the information required for the PD to the consultants" was confirmed, and progress was made on the idea of "increasing the area," all of which occurred before the start of the planting.</li> </ul> </li> </ol> <p>Moreover, the 2022 Sustainability Report<sup>13</sup> by INSUD (page 34), released before the project start date, clearly outlines the development of carbon removal projects as a planned strategic initiative tied to the Group's long-term goals.</p>	

<sup>13</sup> See "Reporte de sustentabilidad INSUD 2022" <https://www.insud.com.ar/reportes>

#	Finding Description	VWB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>Therefore, it is conclusively established that the carbon project was a core component of the initial plan. The commitment was present from the beginning and was not an adjustment made after the plantation was established or at a later phase.</p> <p>Additionally, it is important to clarify that:</p> <ul style="list-style-type: none"> <li>i. Although Pomera Maderas (Garruchos SA) and Cambium Earth SL belong to the same holding group, INSUD<sup>14</sup>, they operate as distinct legal entities. Each possesses independent business objectives, strategies, teams, and budgets</li> <li>ii. INSUD leveraged Pomera's experience in forestry activities for the implementation of the ARR projects and the establishment of a new business unit targeting the voluntary carbon market. Nevertheless, Cambium Earth served as the lead Project Proponent, taking responsibility for the design and sale of the carbon credits</li> <li>iii. Given that its operational mandate is strictly related to commercial forestry, Pomera Maderas does not feature carbon finance or carbon credits in its corporate strategy or sustainability communications</li> <li>iv. The delay between the project's start (01 September 2022) and the contract signed with Cambium Earth S.L. (01 March 2024) is directly linked to initial registration challenges. Garruchos S.A. initially attempted to register as the sole proponent in 2023 but was unable to proceed due to Argentine government restrictions on international dollar transactions, which prevented the required payments to Verra. Following this, they partnered with the Spanish entity Cambium Earth S.L. (established 06 June 2023) to advance the project.</li> </ul> <p>Simultaneously, INSUD identified the need for a dedicated,</p>	

<sup>14</sup> <https://www.insud.com.ar/insud>

#	Finding Description	VWB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>specialized entity to manage its carbon projects<sup>15</sup>, specifically one capable of executing complex international transactions. In response, Cambium Earth S.L. was legally established in Spain with the exclusive mandate of carbon project development, thus ensuring the necessary technical, financial expertise, and operational capability to handle transactions, including payments to the United States</p> <p>2. Regarding Barriers faced by scenario 2 and 3; Notice that Table 5 of the PD-MR summarizes the barriers for each scenario; technological barriers are not a barrier in either case (scenarios 2 and 3). Both face <i>Investment/ quote barriers; Local ecological barriers.</i></p> <p><b>Investment/ quote barriers</b></p> <p>The fundamental difference between the timber production and carbon credit generation business models creates a significant barrier for implementing Scenarios 2 and 3 under the current project structure and the established roles of the actors involved. While Garruchos S.A. possesses the capability to reforest the land solely for timber production, this traditional model is not viable for Cambium Earth S.L. from either a financial or strategic perspective. Consequently, without the necessary carbon revenues, Cambium Earth would not finance or execute the project activities.</p> <p>As such, the evidence confirms that the project was planned for carbon removal from the outset. This was a strategic business decision made prior to the start of activities, fully aligned with <i>Cambium Earth's specialized carbon project strategy</i></p> <p><b>Local ecological conditions barriers:</b></p>	

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<sup>15</sup> See email *Proyecto bonos de carbono (03/08/2022): Internal deliberations regarding the creation of a separate business unit from the forestry operations of the implementing partner, to manage carbon projects independently and convert lands for carbon sequestration purposes*

#	Finding Description	VWB Response	Status
7	Clarification needed on the project's additionality demonstration	<ul style="list-style-type: none"> <li data-bbox="1010 256 1835 459">✓ <i>Historical Land Use and Project Justification: Regarding historical land use, the Puerto Valle Farm was exclusively dedicated to livestock production from its acquisition in 2005 until 2022. The subsequent transition toward reforestation activities was made possible solely due to the financial viability provided by carbon revenues, which enabled the implementation of the current project</i></li> <li data-bbox="1010 483 1835 716">✓ <i>Land Use History Verification: To substantiate the land use history during the 17 years preceding the project start date, a multitemporal analysis (report is attached) was executed to assess the historical presence and extent of vegetation within the project area between 2005 and 2022. The primary objective of this analysis was to definitively determine the absence or presence of tree cover prior to the initiation of project activities.</i></li> </ul> <p data-bbox="1058 740 1835 1008"><i>For this purpose, a chronological sequence of satellite imagery was analyzed by audit team. This sequence included medium-resolution Landsat 5 scenes covering the 2005–2011 period, followed by high-resolution PlanetScope imagery for the subsequent years up to 2022. The imagery was carefully selected to ensure minimal cloud cover and temporal consistency, focusing on comparable seasonal periods to maintain the reliability of both visual interpretation and land cover assessment</i></p> <p data-bbox="1058 1032 1835 1235"><i>The temporal and spectral analyses unequivocally revealed a total absence of tree or forest cover across the entire study period. The land primarily displayed features consistent with non-woody vegetation and bare soil. Therefore, based on the multi-year satellite record, it is concluded that the project area did not contain tree cover between 2005 and 2022.</i></p> <p data-bbox="1058 1260 1835 1385"><i>Based on the identification of extensive livestock farming as the baseline land-use scenario, the Project Proponent provided evidence of cattle sales (see attached invoices), which documented the definitive transition away from a 17-year livestock production tradition</i></p>	

#	Finding Description	VVB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>and toward carbon-focused activities. This strategic transition was supported by an internal business feasibility study that specifically compared potential revenues from continued livestock operations against those from carbon credit generation.</p> <p>The results of this analysis conclusively demonstrated that tree planting activities would not have been implemented without the financial perspective and incentives provided by carbon credits. It was determined that traditional forestry or continued livestock operations alone were economically less viable than the proposed carbon initiative.</p> <p>The VVB reviewed all supporting documentation, including financial analyses, sales records, and the feasibility assessment, and confirmed that the information consistently substantiates this conclusion. The documentation presented by the Project Proponent, particularly the Business Case (BizCase)<sup>16</sup>, provides robust evidence that the “Mixed Afforestation with Native and Non-Native Species in Argentina – I Project” (VCS 4763) is financially additional, as its feasibility and long-term implementation depend directly on carbon finance.</p> <p>3. In AENOR’s opinion the Project Proponent's justification adequately addresses and mitigates the non-permanence risk associated with the potential harvesting of high-value species. It is verified that the project is designed, documented, and managed with the exclusive purpose of maximizing carbon removal, thereby ruling out commercial timber production.</p> <p>The project's design is intrinsically incompatible with the economic returns of high-value timber production, which neutralizes the harvesting</p>	

<sup>16</sup> See BizCase\_PVG alternative land uses

#	Finding Description	VVB Response	Status																
7	Clarification needed on the project's additionality demonstration	<p>incentive:</p> <table border="1"> <thead> <tr> <th>Factor</th> <th>Project Practice</th> <th>Commercial Plantation Standard</th> <th>Verification Conclusion</th> </tr> </thead> <tbody> <tr> <td><b>Spacing (Density)</b></td> <td>High: 4×4 m (625 trees/ha) and 4×2 m (1,250 trees/ha). Prioritizes maximum biomass accumulation (carbon).</td> <td>Low: Typically wider (e.g., 8×2 m). Prioritizes stem diameter development (timber quality).</td> <td>The design maximizes carbon stock, not the unit timber value.</td> </tr> <tr> <td><b>Pruning Practices</b></td> <td>Absent. Pruning is fundamentally excluded, resulting in trees with knots that drastically reduce the value of the timber.</td> <td>Required: Early and sequential pruning (e.g., at 6-7 and 12 months) to ensure the formation of clear, high-value wood.</td> <td>The omission of pruning in the Eucalyptus after 2 years is a verifiable management act that permanently compromises the commercial quality of the stand.</td> </tr> <tr> <td><b>Species Selection</b></td> <td>The project forgoes harvesting 13 merchantable species, including 11 native species with a significantly higher market value (double to quadruple) than Eucalyptus and Pinus.</td> <td>Commercial plantations focus on species that maximize financial return (high-yield Eucalyptus and Pinus).</td> <td>The economic incentive has been actively rejected in favor of the carbon removal objective.</td> </tr> </tbody> </table> <p>Management plan and Business Case (BizCase): The VVB confirms these documents are explicit in their goal of "carbon removals" and "conservation." It has been verified that no budget line or revenue projection is related to timber sales. The absence of projected timber revenue is financial proof of the lack of harvesting intent.</p> <p>Non-Applicability of LTA: Since the project does not meet the definition of a harvesting activity, the VVB confirms that the application of the</p>	Factor	Project Practice	Commercial Plantation Standard	Verification Conclusion	<b>Spacing (Density)</b>	High: 4×4 m (625 trees/ha) and 4×2 m (1,250 trees/ha). Prioritizes maximum biomass accumulation (carbon).	Low: Typically wider (e.g., 8×2 m). Prioritizes stem diameter development (timber quality).	The design maximizes carbon stock, not the unit timber value.	<b>Pruning Practices</b>	Absent. Pruning is fundamentally excluded, resulting in trees with knots that drastically reduce the value of the timber.	Required: Early and sequential pruning (e.g., at 6-7 and 12 months) to ensure the formation of clear, high-value wood.	The omission of pruning in the Eucalyptus after 2 years is a verifiable management act that permanently compromises the commercial quality of the stand.	<b>Species Selection</b>	The project forgoes harvesting 13 merchantable species, including 11 native species with a significantly higher market value (double to quadruple) than Eucalyptus and Pinus.	Commercial plantations focus on species that maximize financial return (high-yield Eucalyptus and Pinus).	The economic incentive has been actively rejected in favor of the carbon removal objective.	
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#	Finding Description	VVB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>Long-Term Average (LTA) is unnecessary as per VCS Standard, v4.7, Section 3.2.28. Permanence is guaranteed through the verified long-term management commitments.</p> <p>Public Disclosure: As detailed in the first Finding, the VVB confirms that the Management Plan, which stipulates the non-harvesting objective, has been uploaded to the Verra Registry and the Proponent's public website, making this commitment accessible to all interested parties.</p> <p>Therefore, the combination of a non-commercial silvicultural design, a financial framework that excludes timber revenue, and a publicly verified commitment conclusively demonstrates that the non-permanence risk from high-value harvesting has been adequately considered and mitigated.</p> <p><u>Verra Response</u> This finding cannot be closed.</p> <p><u>Issue:</u> The assumptions used for baseline determination are inconsistent with the data and evidence provided:</p> <ol style="list-style-type: none"> <li>1. According to the Summary Cashflows worksheet of the BizCase_PVG Alternative Land Uses spreadsheet, timber forestry has a higher NPV than livestock farming.</li> <li>2. Garruchos SA has successfully planted over 23,000 hectares in Argentina, clearly demonstrating the barriers listed in Section 3.5.2 of the PD/MR can be overcome by the implementing partner.</li> </ol> <p><u>Action required</u></p> <ol style="list-style-type: none"> <li>1. The VVB must describe how they confirmed that timber production by Garruchos SA should not be considered the baseline scenario despite the higher NPV of timber forestry compared to livestock farming and despite the fact that Garruchos SA successfully planting over 23,000 hectares for timber production in Argentina clearly demonstrates the barriers listed in Section 3.5.2 of the PD/MR can</li> </ol>	

#	Finding Description	VVB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>be overcome.</p> <ol style="list-style-type: none"> <li>Alternatively, the baseline emissions should be adjusted to reflect timber production as the baseline scenario.</li> </ol> <p><u>Background</u></p> <p>The project has now demonstrated additionality. However, the project hasn't demonstrated that in the absence of the project the most likely baseline scenario would not be timber production by Garruchos SA. While the creation of Cambium Earth and agreement signed makes this baseline scenario impossible, it remains undemonstrated that in the absence of the project, Garruchos SA would have not implemented timber production.</p> <p><b>Round 3</b></p> <p><u>VVB Response</u></p> <p>The VVB has conducted a rigorous re-assessment of the baseline determination, specifically addressing the observation regarding the plausibility of timber forestry as a baseline. This analysis transcends a simplified comparison of absolute financial metrics, adopting instead a multi-dimensional approach that considers risk-adjusted returns, capital efficiency, and empirical land-use history. The following response details why, under the specific macroeconomic and site-specific conditions of the project, the Net Present Value (NPV) does not serve as a sufficient standalone indicator to determine the most likely land-use scenario in the absence of the project</p> <ol style="list-style-type: none"> <li><b>Technical Justification: Why NPV is Insufficient as a Sole Determinant of Baseline Plausibility</b></li> </ol> <p>The VVB asserts that relying exclusively on absolute Net Present Value (NPV) to determine the most likely baseline scenario is technically incomplete and does not reflect the decision-making process of a rational investor under real-world constraints. According to AR-TOOL02, the baseline must be the "<i>most plausible</i>" scenario, which requires a multi-criteria assessment of risk-adjusted returns and capital allocation.</p>	

#	Finding Description	WB Response	Status
7	Clarification needed on the project's additionality demonstration	<ul style="list-style-type: none"> <li>✓ The Profitability vs. Scale Paradox: A higher NPV in the timber scenario (Scenario B) is a mathematical consequence of a significantly larger initial investment (CapEx), not necessarily a sign of a more attractive project. Scenario B requires 2.8<sup>17</sup> times more upfront capital than Scenario A (Livestock).</li> <li>✓ Superior Capital Efficiency (IRR): In environments of capital scarcity, the Internal Rate of Return (IRR) is a superior indicator of plausibility. Livestock farming (A) shows a significantly higher IRR (10.32%) compared to Timber Forestry (B) (7.30%). A rational investor consistently prioritizes projects with higher IRR to maximize the return per dollar of exposed capital.</li> <li>✓ Risk Mitigation (Payback Period): In a high-volatility economy like Argentina (94.8% inflation in 2022), the Payback Period is a critical safety metric. Scenario A recovers capital in 9 years, while Scenario B requires 10+ years. The additional year of exposure to systemic risk (devaluation, regulatory changes) without a proportional increase in IRR makes Scenario B economically irrational as a baseline.</li> </ul> <p><b>2. Analysis of Partner Capacity and Site-Specific Barriers</b></p> <p>The fact that Garruchos S.A. has planted 23,000 hectares elsewhere does not imply that the barriers at the project site are surmountable for a commercial timber model.</p> <ul style="list-style-type: none"> <li>✓ The barriers identified (Investment and Local Ecological) are site-specific and structural, not technological. While Garruchos S.A. possesses the technical capacity to plant trees, no amount of expertise can mitigate the lower soil quality and heterogeneous plot structure of the Puerto Valle Farm, which reduce commercial timber yields to sub-optimal levels for a traditional timber business case.</li> </ul>	

<sup>17</sup> This illustrative comparison is used solely to demonstrate capital efficiency and opportunity cost, not to imply an actual expansion scenario.

#	Finding Description	W/B Response	Status
7	Clarification needed on the project's additionality demonstration	<ul style="list-style-type: none"> <li>✓ Portfolio Strategy and Opportunity Cost: As of 2022, Garruchos S.A. held 3,698 ha of unplanted land already designated for forestry in higher-productivity regions. It is logically inconsistent to assume they would have deployed capital into the "marginal" project site for timber when they had more suitable, high-yield land available and unplanted within their own portfolio.</li> </ul> <p><b>3. Empirical Evidence: Historical Behavior and Corporate Strategy</b></p> <p>The claim that timber production was a plausible baseline is directly contradicted by nearly two decades of observed behavior and the Proponent's publicly stated corporate strategy:</p> <ul style="list-style-type: none"> <li>✓ The Cost of Inaction (2005–2022): Garruchos S.A. acquired the property in 2005. Despite possessing the technical capacity and capital to develop timber plantations for 17 years, they consistently chose not to implement timber plantations on this specific site. This prolonged "status quo" is the strongest empirical proof that the risk-adjusted return of forestry on this specific property was viewed as inferior to livestock farming.</li> <li>✓ Diversified Strategic Portfolio: According to the Proponent's official corporate communications and reports (e.g., Forbes Argentina, 2024), Garruchos S.A. manages a diversified land-use portfolio of approximately 200,000 hectares. This portfolio is strategically divided between high-yield agriculture, specialized timber production (Pomera Maderas), and extensive livestock farming.</li> <li>✓ Strategic Land-Use Allocation: As confirmed by the Garruchos S.A. and INSUD Group official websites, the company does not apply a "one-size-fits-all" forestry model. Instead, they maintain a clear distinction between business units. The fact that the project site was historically allocated to the Agribusiness/Livestock unit rather than the Forestry unit (Pomera) demonstrates that the company's internal land-use assessment consistently identified livestock as the most appropriate use for this land.</li> <li>✓ Revealed Preference and Market Logic: In finance, the "Revealed</li> </ul>	

#	Finding Description	W/B Response	Status																								
7	Clarification needed on the project's additionality demonstration	<p>Preference" theory suggests that an entity's actual behavior is the best indicator of its priorities. By maintaining livestock for 17 years—a period during which the INSUD Group was simultaneously expanding its forestry operations elsewhere—the Proponent demonstrated that without carbon incentives, this specific site's ecological and logistical barriers made commercial forestry unviable.</p> <p><b>Referenced Documentation (webs are attached):</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Garruchos S.A. - Official Web</a> (Categorizing the site under Agribusiness/Livestock).</li> <li>• <a href="#">INSUD Group - Agribusiness Division</a> (Differentiating livestock from the forestry brand, Pomera).</li> <li>• <a href="#">Forbes Argentina - "Cosecharás tu siembra" (2024)</a> (Highlighting the strategic diversification and scale of livestock operations).</li> </ul> <p><b>4. Summary Comparative Framework for Plausibility</b></p> <table border="1"> <thead> <tr> <th>Decision Metric</th> <th>Scenario A: Livestock (Baseline)</th> <th>Scenario B: Timber (Commercial)</th> <th>Winner for Plausibility</th> </tr> </thead> <tbody> <tr> <td>Capital Required</td> <td>Low (USD 357k)</td> <td>High (USD 1.01M)</td> <td>Livestock (Lower barrier)</td> </tr> <tr> <td>Internal Rate of Return</td> <td>10.32%</td> <td>7.30%</td> <td>Livestock (Higher efficiency)</td> </tr> <tr> <td>Payback Period</td> <td>9 Years</td> <td>10 Years</td> <td>Livestock (Lower risk)</td> </tr> <tr> <td>Historical Status Quo</td> <td>Confirmed (17 years)</td> <td>Never implemented</td> <td>Livestock</td> </tr> <tr> <td>NPV</td> <td>Lower</td> <td>Higher</td> <td>Timber (Misleading in isolation)</td> </tr> </tbody> </table> <p>Therefore, AENOR confirms that Scenario A (Livestock) is the only scenario free of prohibitive barriers and aligned with both the financial rationality of the</p>	Decision Metric	Scenario A: Livestock (Baseline)	Scenario B: Timber (Commercial)	Winner for Plausibility	Capital Required	Low (USD 357k)	High (USD 1.01M)	Livestock (Lower barrier)	Internal Rate of Return	10.32%	7.30%	Livestock (Higher efficiency)	Payback Period	9 Years	10 Years	Livestock (Lower risk)	Historical Status Quo	Confirmed (17 years)	Never implemented	Livestock	NPV	Lower	Higher	Timber (Misleading in isolation)	
Decision Metric	Scenario A: Livestock (Baseline)	Scenario B: Timber (Commercial)	Winner for Plausibility																								
Capital Required	Low (USD 357k)	High (USD 1.01M)	Livestock (Lower barrier)																								
Internal Rate of Return	10.32%	7.30%	Livestock (Higher efficiency)																								
Payback Period	9 Years	10 Years	Livestock (Lower risk)																								
Historical Status Quo	Confirmed (17 years)	Never implemented	Livestock																								
NPV	Lower	Higher	Timber (Misleading in isolation)																								

#	Finding Description	VVB Response	Status
7	Clarification needed on the project's additionality demonstration	<p>Proponent and their observed historical behavior. Adjusting the baseline to timber production is not justified, as it does not represent the "most likely" scenario in the absence of the project.</p> <p><u>Verra Response</u>            This finding is closed. The closure is based on the following considerations:</p> <ul style="list-style-type: none"> <li>a) The demonstration that cattle ranching represents a strong land-use option for the area.</li> <li>b) The evidence that Garruchos S.A. is implementing cattle ranching in the same region.</li> <li>c) The confirmation that cattle ranching has been the pre-existing land use in the project area since 2005.</li> <li>d) The absence of any tree planting in the project area since 2005, despite tree planting activities occurring in other areas owned by Garruchos S.A.</li> <li>e) Furthermore, there is no timber-oriented land-use objective, as demonstrated by the publicly available management plan on Verra Registry (see Finding #1), which must be subject to ongoing monitoring.</li> </ul> <p>Collectively, these factors provide a sufficient level of assurance that cattle ranching constitutes the most likely baseline scenario.</p>	

#	Finding Description	VVB Response	Status
8	Clarification needed on the non-permanence risk assessment		
	<u>Issue</u>	<u>Round 1</u>	Closed
	<ol style="list-style-type: none"> <li>1. It is unclear how, under opportunity cost (f) in the non-permanence risk report, the NPV of project activities is expected to be over 50% more profitable than the most profitable alternative land use, if no harvesting is considered in the project scenario.</li> </ol>	<p><u>VVB Response</u></p> <ol style="list-style-type: none"> <li>1. The opportunity cost assessment considered three realistic and regionally appropriate land use alternatives, based on the operational experience and historical business data of the implementing partner, Garruchos S.A.:</li> </ol>	

#	Finding Description	VVB Response	Status
8	<p><b>Clarification needed on the non-permanence risk assessment</b></p> <p><u>Action Required</u></p> <ol style="list-style-type: none"> <li>The VVB must ensure that the PP clarifies why under opportunity cost (f) in the non-permanence risk report, the NPV of project activities is expected to be over 50% more profitable than the most profitable alternative land use, if no harvesting is considered in the project scenario.</li> <li>The VVB must assess the revised non-permanence risk report and update the VVR as needed.</li> </ol> <p><u>Program Rule(s)</u>  <i>AFOLU Non-Permanence Risk Tool, v4.2, Table 3</i></p>	<ul style="list-style-type: none"> <li><b>A) Extensive Cattle Ranching:</b> Previous land use for cattle raising, based on business data of the implementing partner, Garruchos SA, company that has great experience in this field</li> <li><b>B) Timber Plantation for Harvesting:</b> Land use for timber production, based on business data of the implementing partner, Garruchos SA, company that has great experience in this field</li> <li><b>C) ARR Project (No Harvesting):</b> with an initial Verified Carbon Unit price of 15 USD/VCU at the star year of the project, which is conservative and aligned with the available information in this field (for example: <a href="#">Ecosystem Marketplace 2023 report</a>) and a future price of 80 USD/VCU, below what has been pointed by several public reports (e.g. <a href="#">Bloomberg</a>, <a href="#">Ernst&amp;Young</a>, or the <a href="#">Report of the High-Level Commission on Carbon Prices</a>)</li> </ul> <p>The assumptions used in the NPV calculation for the ARR project scenario are conservative, justified by current and forecasted market data, and supported by operational benchmarks from the implementing partner. These elements confirm the robustness of the opportunity cost analysis and the validity of the selected non-permanence risk level, despite this Non-permanence risk report was updated.</p> <p><u>Verra Response:</u>  A clarification on the opportunity cost (f) in the Non-Permanence Risk Report (NPRR) has been provided by the VVB.</p>	